

AMENDED IN SENATE JANUARY 13, 2004

AMENDED IN SENATE APRIL 21, 2003

SENATE BILL

No. 379

Introduced by Senator Ortiz

February 19, 2003

An act to add Article 3 (commencing with Section 127400) to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

SB 379, as amended, Ortiz. Statewide health planning and development: hospitals: charity care and reduced payment policies.

Existing law provides for the Office of Statewide Health Planning and Development, which is charged with enforcement of various provisions of law relating to health facilities, including hospitals, as defined.

This bill would require each general acute care hospital, acute psychiatric hospital, and special hospital to develop a charity care and reduced payment policy, as defined, specifying the financial criteria and procedure used by the hospital to determine whether a patient is eligible for defined charity care or reduced payment, in accordance with requirements established by the ~~office~~ *bill*. It would require each hospital to perform various functions in this regard, including notifying patients of the hospital's charity care and reduced payment policy in a language-appropriate manner.

The bill would ~~require~~ *authorize* the office to develop a ~~uniform~~ charity care and reduced payment application ~~to be used by all hospitals~~.

or standard elements for each hospital's application, in consultation with interested parties.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 3 (commencing with Section 127400) is added to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, to read:

Article 3. Charity Care Policies

127400. As used in this article, the following terms have the following meanings:

(a) "Charity care and reduced payment application" means the ~~uniform statewide charity care and reduced payment application developed by the Office of Statewide Health Planning and Development pursuant to Section 127415.~~ *developed by each hospital that is subject to the requirements of this article.*

(b) "Charity care and reduced payment policy" means the financial criteria and the procedure used by a hospital to determine whether a patient is eligible for charity care or reduced payment pursuant to Section 127405, the process by which the hospital reviews its charity care and reduced payment decisions, and the reduced payment schedule adopted by the hospital.

(c) "Hospital" means any facility that is required to be licensed under subdivision (a), (b), or (f) of Section 1250.

(d) "Office" means the Office of Statewide Health Planning and Development.

(e) "Reduced payment schedule" means a payment schedule that is arranged with a person deemed eligible by the hospital for reduced cost care.

(f) "Uninsured" means a person who does not have health insurance and is not currently covered by any third-party payer program.

(g) "Underinsured" means a person whose deductibles, copayments, or medical or hospital bills after payment by third-party payers exceed the patient's ability to pay as determined

1 in accordance with the hospital's charity care and reduced payment
2 policy.

3 127405. Each hospital shall develop a charity care and
4 reduced payment policy that ~~is in accordance with the~~
5 ~~requirements established by the office.~~ *meets the requirements of*
6 *this article.*

7 127410. (a) Each hospital shall provide patients with oral and
8 written notice of the hospital's charity care and reduced payment
9 policy if clinically appropriate at the time of admission, and during
10 the discharge process, in a manner similar to that required pursuant
11 to Section 12693.30 of the Insurance Code. All written
12 correspondence to the patient required by this article shall also be
13 language appropriate.

14 (b) A general description of the hospital's charity care and
15 reduced payment policy shall be clearly and conspicuously posted
16 in locations that are visible to the public, including, but not limited
17 to, all of the following:

18 (1) Emergency department, if any.

19 (2) Billing office.

20 (3) Waiting rooms.

21 (4) Any other location determined by the office to ensure that
22 all patients are informed of the policy and informed about how to
23 obtain a copy of the policy and related information.

24 (c) The general description described in subdivision (b) shall
25 include, but not be limited to, all of the following:

26 (1) A description of the types of services that are provided.

27 (2) A description of the financial criteria used to determine
28 eligibility for charity care and reduced payment.

29 (3) Information about the hospital's reduced payment
30 schedule.

31 (4) A statement inviting comments and complaints regarding
32 the hospital's policy, including directions on how to submit
33 comments.

34 127415. The office, in consultation with interested parties,
35 ~~shall~~ *may* develop a uniform charity care and reduced payment
36 ~~application to be used by all hospitals or standard elements for~~
37 ~~each hospital's charity care and reduced payment application.~~ *In*
38 *developing the application or elements,* the office shall consider
39 ~~whether~~ the application used for the Medi-Cal program and the

1 Healthy Families Program ~~can be used as or incorporated in the~~
2 ~~uniform charity care and reduced payment application.~~

3 127420. (a) Each hospital shall attempt to obtain from the
4 patient or his or her representative information about whether
5 private or public health insurance or sponsorship may fully or
6 partially cover the charges for care rendered by the hospital to a
7 patient, including, but not limited to, any of the following:

8 (1) Private health insurance.

9 (2) Medicare.

10 (3) The Healthy Families Program.

11 (4) The Medi-Cal program.

12 (5) California Children's Services Program.

13 (b) ~~As~~ *If a patient has not provided proof of coverage by a third*
14 *party at the time care is provided or upon discharge, the hospital,*
15 *as part of any billing to the patient, each hospital shall provide the*
16 *patient with a clear and conspicuous notice that includes each of*
17 *the following:*

18 (1) A statement of charges for services rendered by the
19 hospital.

20 (2) A request that the patient inform the hospital if the patient
21 has health insurance coverage, or coverage under Medicare, the
22 Healthy Families Program, the Medi-Cal program, or other
23 coverage.

24 (3) A statement that if the consumer does not have health
25 insurance coverage, he or she may be eligible for coverage under
26 Medicare, the Healthy Families Program, the Medi-Cal program,
27 the California Children's Services Program, or charity care or
28 reduced payment.

29 (4) A statement indicating how patients may obtain
30 applications for the Medi-Cal program and the Health Families
31 Program and that the hospital will provide these applications on
32 request. If, at the time care is provided, the patient does not show
33 proof of coverage by a third-party payer specified in subdivision
34 (a), the hospital ~~shall~~ *may* send an application for the Medi-Cal
35 program and the Healthy Families Program to the patient. This
36 application may accompany the billing or may be sent separately.

37 (5) Information regarding charity care and reduced payment
38 application, including the hospital contact for additional
39 information and a statement indicating how patients may obtain a
40 charity care and reduced payment application from the hospital.

1 (c) For the purposes of the notice required under subdivision
2 (b), a hospital may incorporate the items required into its existing
3 billing statements and shall not be required to develop a separate
4 notice.

5 ~~127425. In order to facilitate payment by public or private~~
6 ~~third-party payers, the hospital shall allow no less than 150 days~~
7 ~~prior to the commencement of collection activities. During this~~
8 ~~150-day period, the hospital may send a bill to the patient in~~
9 ~~accordance with law. In addition, the hospital shall do all of the~~
10 ~~following during this period:~~

11 (a) ~~Attempt to negotiate a payment plan in accordance with this~~
12 ~~article.~~

13 (b) ~~Attempt to collect payment from any responsible~~
14 ~~third-party payer, either public or private.~~

15 (c) ~~Provide any information that may assist the patient in~~
16 ~~obtaining coverage through the Medi-Cal program or Healthy~~
17 ~~Families Program, or any other public program for which the~~
18 ~~patient may be eligible.~~

19 (d) ~~Assist the patient in applying under its charity care and~~
20 ~~reduced payment policy.~~

21 (e) ~~Attempt to make a final determination as to whether the~~
22 ~~patient is eligible for charity care or reduced payment under the~~
23 ~~hospital's charity care and reduced payment policy.~~

24 ~~127430. (a) Prior to commencing collection activities~~
25 ~~against a patient, the hospital, any assignee of the hospital, or other~~
26 ~~owner of the patient debt, including a collection agency, shall~~
27 ~~provide the patient with a clear and conspicuous written notice~~
28 ~~containing all of the following:~~

29 (1) ~~A plain language summary of the patient's rights pursuant~~
30 ~~to the Rosenthal Fair Debt Collection Practices Act, Title 1.6C~~
31 ~~(commencing with Section 1788) of Part 4 of Division 3 of the~~
32 ~~Civil Code, and the federal Fair Debt Collection Practices Act,~~
33 ~~Subchapter V (commencing with Section 1692) of Chapter 41 of~~
34 ~~Title 15 of the United States Code. The summary shall include a~~
35 ~~statement that the Federal Trade Commission enforces the federal~~
36 ~~act.~~

37 (2) ~~Information about nonprofit credit counseling services in~~
38 ~~the area.~~

39 (3) ~~A statement that the patient may still obtain care at the~~
40 ~~hospital, despite the existence of the billing dispute.~~

~~(b) A hospital shall use reasonable efforts to negotiate a payment plan with the patient prior to undertaking any of the following actions:~~

~~(1) Selling or assigning a patient's account to any party, including a debt collection agency.~~

~~(2) Reporting nonpayment or any other negative information to a consumer credit reporting agency, as defined by Section 1785.3 of the Civil Code.~~

~~(3) Commencing any civil action against the patient for nonpayment.~~

~~(c) For purposes of this section, reasonable efforts to negotiate a payment plan shall consist of two efforts to contact the patient by telephone and two efforts to contact the patient by mail.~~

~~127435. (a) Each hospital shall complete a charity care report to be filed in conjunction with the hospital's reports filed pursuant to subdivisions (a) to (c), inclusive, of Section 128735. A hospital operated, conducted, owned, or maintained by, or affiliated with, another organization shall identify that organization in its report to the office. For purposes of this article, "affiliated with" has the same meaning as in Section 5031 of the Corporations Code.~~

~~(b) The office shall develop a form for the report required pursuant to subdivision (a). This form shall include, but shall not be limited to, all of the following elements: the cost of charity care, the number of persons who received charity care, the number of persons who sought charity care, the type of care received, and other information that may be required by the office consistent with state and federal law.~~

~~(c)~~

127425. (a) In order to facilitate payment by public or private third-party payers, debt collection activities of a hospital and its agents or assignees for the first 150 days after discharge shall be limited to the following:

(1) Billing and collecting from a patient an amount due.

(2) Attempting to negotiate a payment plan in accordance with this article.

(3) Attempting to collect payment from any responsible third-party payer, either public or private.

(4) Providing any information that may assist the patient in obtaining coverage through the Medi-Cal program, Healthy

1 *Families Program, or any other public program for which the*
2 *patient may be eligible.*

3 *(5) Assisting the patient in applying under the hospital's*
4 *charity care and reduced payment policy.*

5 *(6) Attempting to make a final determination as to whether the*
6 *patient is eligible for charity care or reduced payment under the*
7 *hospital's charity care and reduced payment policy.*

8 *(b) A hospital shall use reasonable efforts to negotiate a*
9 *payment plan during the time period specified in subdivision (a).*
10 *For the purposes of this subdivision, reasonable efforts to*
11 *negotiate a payment plan shall consist of two efforts to contact the*
12 *patient by telephone and two efforts to contact the patient by mail.*

13 *(c) After the time period specified in subdivision (a) has*
14 *elapsed, the hospital or its agent or assignee may engage in any*
15 *other debt collection activity otherwise permitted by law, including*
16 *reporting nonpayment or any other adverse information to a*
17 *consumer credit reporting agency, any other adverse action, as*
18 *defined in Section 1785.3 of the Civil Code, and commencing any*
19 *civil action against the patient for nonpayment.*

20 *127435. Each hospital shall provide to the office a copy of its*
21 *charity care and reduced payment policy, eligibility procedures,*
22 *review process, and procedure for determining reduced payments,*
23 *in a format determined by the office.*

